

## THE IRS APPROVES REQUEST TO SUSPEND INCOME RESTRICTIONS AND TRANSIENT HOUSING REQUIREMENTS FOR THE HOUSING TAX CREDIT UNITS.

Governor Rick Perry's office has announced that the Internal Revenue Service has approved a waiver giving the Texas Department of Housing and Community Affairs (TDHCA) permission to temporarily suspend both income restrictions and the prohibition of transient housing requirements for the Housing Tax Credit program. This waiver allows owners of tax credit developments to temporarily house individuals left homeless because of Hurricane Katrina.

During the temporary housing period, the status of vacant tax credit units occupied by displaced households will remain the same as the unit's status before the household occupied the unit. It is important to note that displaced individuals will not be treated as low-income tenants under §42(i)(3)(A)(ii) after the expiration of the Suspension of Certain Requirements of Section 42 for purposes of the housing tax credit program unless documentation is provided to show that the household qualified at move-in.

The following conditions for approval of a temporary suspension will apply:

1. **Major Disaster Area** - The displaced household must have resided in a county designated for individual assistance by the Federal Emergency Management Administration (FEMA).
2. **Approval of TDHCA** - The project owner must obtain approval from TDHCA. Suspensions will expire September 1, 2006, with extensions subject to approval by the Department.
3. **Certifications and Recordkeeping** - To comply with the requirements of §1.42-5, development owners will be required to maintain and certify certain information concerning each displaced household temporarily housed in tax credit units, specifically: name, address of damaged home and social security number. The household must also provide a statement under penalty of perjury that the family is displaced because of Hurricane Katrina and temporary housing is needed. The owner must certify the date that temporary occupancy began and the date scheduled to end as established by TDHCA. The certification and recordkeeping requirements for displaced households must be maintained as part of the annual compliance monitoring process with TDHCA.
4. **Rent Restrictions** – Rents for low-income units occupied by displaced individuals must not exceed the existing rent-restrictions for the low-income units established under §42(g)(2).
5. **Protection of Existing Tenants** – Existing tenants in occupied low-income units cannot be evicted or have their tenancy terminated because of efforts to provide temporary housing for displaced households.

If you are an owner of a housing tax credit development, please ensure that vacancy information submitted through TDHCA's Compliance Monitoring Tracking System (CMTS) is current and accurate. If you have questions please call Mike Garrett at 512/475-3847 or email: [michael.garrett@tdhca.state.tx.us](mailto:michael.garrett@tdhca.state.tx.us).

To request suspension of Section 42 requirements, follow the instructions in **Implementation Instructions: Temporary Housing as Authorized by IRS Notice** also available on this site.

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